

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET-DOMINANT
PRICE ADJUSTMENT

Docket No. R2016-2

UNITED STATES POSTAL SERVICE
NOTICE OF MARKET-DOMINANT PRICE ADJUSTMENT
(November 16, 2015)

Pursuant to 39 U.S.C. § 3622 and 39 C.F.R. part 3010, the United States Postal Service hereby provides notice that the Governors have authorized the Postal Service to temporarily adjust the prices for several market-dominant products within the First-Class Mail and Standard Mail classes. Specifically, the Postal Service seeks approval for five promotional discounts to be offered in calendar year 2016. The first of these promotions is scheduled to take effect on March 1, 2016.

In this Notice, the Postal Service provides the information required by Rule 3010.12. In Part I, the Postal Service describes the promotions that it is noticing in this filing. In Part II, the Postal Service discusses the promotions' compliance with the price cap, which limits the average percentage price increase for each class of mail. In Part III, the Postal Service explains how the prices are consistent with the objectives and factors of section 3622, and the preferred pricing requirements of section 3626. In Part IV, the Postal Service describes the changes to the Mail Classification Schedule (MCS) related to this price change.

The Postal Service certifies that it will inform customers of these price adjustments, as required by Rule 3010.12(a)(3). In addition to this Notice, the Postal

Service will publish a notice in the Postal Bulletin and PCC Insider, as well as issue a DMM advisory, an Industry Alert, and a press release, among other efforts to publicize the 2016 Promotions to the public and mailing community. As a result of this outreach, widespread notice of the promotions will be provided more than 45 days before their planned implementation dates.

Pursuant to Rule 3010.12(a)(4), Mr. Steven Monteith will serve as the Postal Service official responsible for responding to any Commission inquiries. Mr. Monteith's contact information is as follows:

Mr. Steven Monteith
Manager, Pricing
475 L'Enfant Plaza S.W.
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Washington, D.C. 20260

I. Promotions

In this limited price change filing, the Postal Service seeks approval for five promotions to be held during the 2016 calendar year. The 2016 Promotions are continuations of the calendar year 2015 technology promotions (Advanced and Emerging Technology, Color Transpromo, and Mail Drives Mobile Engagement) and the Earned Value Reply Mail promotion approved by the Commission in Docket No. R2015-4.¹ The promotional program will undergo certain updates – promotion titles will be revised, this year's continuation of the 2015 Advanced and Emerging Technology Promotion will offer an A/B Testing option, and the print technology category of the 2015 Advanced and Emerging Technology Promotion will be presented in 2016 as a stand-

¹ Order No. 2472, Order on Revised Price Adjustments for Standard Mail, Periodicals, and Package Services Products and Related Mail Classification Changes, PRC Docket No. R2015-4 (Mar. 7, 2015), at 41; Order No. 2365, Order on Price Adjustments for First-Class Mail Products and Related Mail Classification Changes, PRC Docket No. R2015-4 (Feb. 24, 2015), at 11.

alone promotion for Standard Mail. Each program is outlined below and described in more detail in Attachment B.

March – August 2016:

Emerging and Advanced Technology/Video in Print Promotion: This year's Emerging and Advanced Technology/Video in Print Promotion will continue to encourage mailers to incorporate mobile and other print technologies into their direct mail pieces. Like last year, regular and nonprofit Standard Mail letters and flats, and First-Class Mail presort or automation letters, cards, and flats that meet the promotion requirements will be eligible for an upfront two-percent postage discount. The promotion will extend to mailpieces incorporating Near Field Communication technology, an enhanced augmented reality feature, Video in Print technology, or similar advanced technologies. The 2016 promotion will add an A/B Testing option, under which a limited number of pieces that do not meet the promotion's eligibility requirements can receive the two-percent discount. Mailers must use A/B Testing protocols to compare customer response rates to mailpieces featuring qualifying technology (Design A), with customer response rates to mailpieces featuring nonqualifying design treatments (Design B). Mailers must provide the results to the Postal Service, which will share data on the relative values of the tested techniques with other marketers. Shared data will not identify participating mailers.

March – August 2016:

Tactile, Sensory and Interactive Mailpiece Engagement Promotion: In 2015, the Postal Service introduced advanced printing and finishing techniques as a new qualifying category under the Advanced and Emerging Technology Promotion. Recognizing that advanced print innovations are distinct from the more digitally-focused technologies addressed by the Emerging and Advanced Technology/Video in Print Promotion, the Postal Service will separate advanced print technology into its own promotion for 2016. The 2016 promotion will continue to improve consumers' engagement with the mail by requiring mailers to incorporate advanced print innovations – such as developments in paper and stock, substrates, finishing techniques, and inks – into their mailpieces. Regular and nonprofit Standard Mail letters and flats that meet the promotion requirements will be eligible for an upfront two-percent postage discount during the promotion period. While the discount for advanced print technology approved in Docket No. R2015-4 will continue for Standard Mail under the 2016 promotion, First-Class Mail will no longer be eligible. This change does not appear to affect customers because no First-Class Mailers took advantage of the advanced print technology category in 2015.

April – June 2016:

Earned Value Reply Mail Promotion: This promotion will build on the success of the Earned Value Reply Mail Promotion in prior years. This promotion will encourage mailers to keep Business Reply Mail (BRM) and Courtesy Reply Mail

(CRM) envelopes and cards in their outgoing mail pieces by providing them with a financial benefit when their customers mail back reply pieces. As in prior years, mailers who satisfy the promotion requirements will receive a two-cent postage credit for each BRM and CRM piece that is returned to the mailer during the promotion period. Mailers that participated in 2015's Earned Value Reply Mail Promotion and either meet or increase their volume of qualifying BRM/CRM pieces in 2016 will receive an additional cent (three cents total) for each returned BRM and CRM piece. Credits may be applied to postage for First-Class Mail presort and automation cards, letters, and flats, and Standard Mail letters and flats. Unused credits earned will expire December 31, 2016.

July – December 2016:

Mobile Shopping Promotion: As in prior years, this promotion will encourage mailers to integrate mobile technology into their direct mail, and will create a convenient method for consumers to do their online shopping during the 2016 holiday season. The 2016 promotion will include a new social media component, under which consumers will be able to connect with “Buy Now” features available on most major social media platforms. Like last year, regular and nonprofit Standard Mail letters and flats that meet the promotion requirements will be eligible for an upfront two-percent postage discount during the promotion period.

July – December 2016:

Personalized Color Transpromo Promotion: The Postal Service intends to build on previous promotions, which encouraged mailers of bills and statements to use color messaging to create a greater connection to, and response from, customers. In 2016, the Postal Service will continue to encourage mailers to invest in color print technology, and enhance the value of First-Class Mail. The color message must either address the recipient by name or contain information relevant and specific to the recipient. Like last year, First-Class Mail presort and automation letters—bills and statements only—that meet the promotion requirements will be eligible for an upfront two-percent postage discount during the promotion period.

II. Price Cap Compliance

In compliance with Rules 3010.12(b)(1) through (4), the following section describes the applicable CPI-U price cap, the amount of unused price adjustment authority available for the First-Class Mail and Standard Mail classes, the percentage change in prices for the First-Class Mail and Standard Mail classes, and the amount of new unused price adjustment authority generated by these price changes. In this filing, the Postal Service's price cap calculation reflects the expiration of the First-Class Mail and Standard Mail promotions approved in Docket No. R2015-4, and the renewal of those promotions in 2016. Because this price adjustment is limited to continuing the promotions offered in 2015, the Postal Service finds no change in cap space resulting from the close-out of the 2015 Promotions and initiation of the 2016 Promotions.

The Postal Service has prepared workpapers demonstrating how the price changes for the First-Class Mail and Standard Mail classes comply with the price cap. The workpapers, which are being filed separately, are designated as “USPS-LR-R2016-2/1” for First-Class Mail, and “USPS-LR-R2016-2/2” for Standard Mail. Each workpaper also includes a preface that provides an overview of the content and an explanation of the price change calculations.

A. Inflation-Based Price Adjustment Authority

Based on the most recently available date from the Bureau of Labor Statistics, the Postal Service has inflation-based price adjustment authority of 0.064 percent. See Attachment C. This is based on the Consumer Price Index – All Urban Consumers, U.S. All Items (the “CUUR0000SA0” series), and conforms with Rule 3010.22 governing calculation of the annual limitation when notices of rate adjustment are less than 12 months apart.

B. Unused Price Adjustment Authority

The existing unused rate adjustment authority for the First-Class Mail class is 0.010 percent.² The existing unused rate adjustment authority for the Standard Mail class is 0.040 percent.³ The Postal Service will not utilize any of its unused price adjustment authority in this docket.

C. Overall Price Adjustment Authority

Combining the inflation-based and unused price adjustment authorities, the Postal Service calculates the total price adjustment authority available for the First-

² PRC Order No. 2365 at 7.

³ PRC Order No. 2472 at 33.

Class Mail class to be 0.074 percent. The Postal Service calculates the total price adjustment authority available for the Standard Mail class to be 0.104 percent.

D. The New Prices

The cap compliance calculation, as defined by the Commission, uses a set of fixed weights applied to the current and new prices to construct a weighted average price change for each affected market-dominant class.⁴ The fixed weights are based on the most recently compiled 12 months of billing determinants (FY 2014, Quarter 4 through FY 2015, Quarter 3), with adjustments that are supported and reasonable.

E. Percentage Change by Mail Class

As demonstrated in USPS-LR-R2016-2/1 and USPS-LR-R2016-2/2, the prices for the First-Class Mail and Standard Mail classes comply with the annual limitation of price adjustment authority available to the Postal Service. The percentage change in prices for First-Class Mail is 0.0 percent. The percentage change in prices for Standard Mail is 0.0 percent.

F. Unused Pricing Authority Resulting From this Change

After the price changes, the Postal Service calculates its total unused price adjustment authority as follows:

⁴ 39 C.F.R. § 3010.23.

Table 1

Unused Pricing Authority Available Following this Price Change

| Class | Percentage Points |
|------------------|-------------------|
| First-Class Mail | |
| R2015-4 [1] | 0.010 |
| R2016-2 [2] | 0.064 |
| Total | 0.074 |
| Standard Mail | |
| R2015-4 [1] | 0.040 |
| R2016-2 [2] | 0.064 |
| Total | 0.104 |

[1] Existing unused price adjustment authority.

[2] Cap Calculation worksheets (USPS-LR-R2016-2/1 and USPS-LR-R2016-2/2).

III. Objectives and Factors, Workshare Discounts, and Preferred Rates

In compliance with Rules 3010.12(b)(5) through (8), this section discusses how the planned price changes: 1) “help achieve the objectives listed in 39 U.S.C. 3622(b) and properly take into account the factors listed in 39 U.S.C. 3622(c)”; 2) impact workshare discounts; and 3) are consistent with section 3626.

A. Objectives and Factors

The objectives listed in section 3622(b) are as follows:

(b) Objectives.--Such system shall be designed to achieve the following objectives, each of which shall be applied in conjunction with the others:

- (1) To maximize incentives to reduce costs and increase efficiency.
- (2) To create predictability and stability in rates.
- (3) To maintain high quality service standards established under section 3691.
- (4) To allow the Postal Service pricing flexibility.
- (5) To assure adequate revenues, including retained earnings, to maintain financial stability.
- (6) To reduce the administrative burden and increase the transparency of the ratemaking process.
- (7) To enhance mail security and deter terrorism.
- (8) To establish and maintain a just and reasonable schedule for rates and classifications, however the objective under this paragraph shall

not be construed to prohibit the Postal Service from making changes of unequal magnitude within, between, or among classes of mail.

(9) To allocate the total institutional costs of the Postal Service appropriately between market-dominant and competitive products.

To a large extent, the objectives of section 3622(b) are addressed by the design of the system for regulating rates and classes for market-dominant products, and these promotions do not substantially alter the degree to which First-Class Mail and Standard Mail prices already address these objectives. Further, the implementation of promotional pricing is itself an example of the exercise of pricing flexibility provided to the Postal Service by the Postal Accountability and Enhancement Act (Objective 4). In particular, these promotions strengthen the financial position of the Postal Service (Objective 5) by increasing the value of direct mail, and promoting the retention of transactional mail volumes.

In addition to the objectives listed above, section 3622(c) enumerates 14 factors to be taken into account:

(c) Factors.--In establishing or revising such system, the Postal Regulatory Commission shall take into account--

- (1) the value of the mail service actually provided each class or type of mail service to both the sender and the recipient, including but not limited to the collection, mode of transportation, and priority of delivery;
- (2) the requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to each class or type of mail service through reliably identified causal relationships plus that portion of all other costs of the Postal Service reasonably assignable to such class or type;
- (3) the effect of rate increases upon the general public, business mail users, and enterprises in the private sector of the economy engaged in the delivery of mail matter other than letters;
- (4) the available alternative means of sending and receiving letters and other mail matter at reasonable costs;
- (5) the degree of preparation of mail for delivery into the postal system performed by the mailer and its effect upon reducing costs to the Postal Service;

(6) simplicity of structure for the entire schedule and simple, identifiable relationships between the rates or fees charged the various classes of mail for postal services;

(7) the importance of pricing flexibility to encourage increased mail volume and operational efficiency;

(8) the relative value to the people of the kinds of mail matter entered into the postal system and the desirability and justification for special classifications and services of mail;

(9) the importance of providing classifications with extremely high degrees of reliability and speed of delivery and of providing those that do not require high degrees of reliability and speed of delivery;

(10) the desirability of special classifications for both postal users and the Postal Service in accordance with the policies of this title, including agreements between the Postal Service and postal users, when available on public and reasonable terms to similarly situated mailers, that--

(A) either--

(i) improve the net financial position of the Postal Service through reducing Postal Service costs or increasing the overall contribution to the institutional costs of the Postal Service; or

(ii) enhance the performance of mail preparation, processing, transportation, or other functions; and

(B) do not cause unreasonable harm to the marketplace.

(11) the educational, cultural, scientific, and informational value to the recipient of mail matter;

(12) the need for the Postal Service to increase its efficiency and reduce its costs, including infrastructure costs, to help maintain high quality, affordable postal services;

(13) the value to the Postal Service and postal users of promoting intelligent mail and of secure, sender-identified mail; and

(14) the policies of this title as well as such other factors as the Commission determines appropriate.

As with section 3622(b), these promotions do not substantially alter the degree to which First-Class Mail and Standard Mail prices address many of the factors of section 3622(c). In particular, these programs enhance the value of the mail by encouraging the use of innovative mailing techniques, which helps drive return on investment for commercial mailers, and provides consumers with new ways to engage with the mail (Factor 1). Further, as discussed above, the implementation of the 2016 Promotions

constitutes the exercise of pricing flexibility in order to encourage increased mail volume (Factor 7).

B. Workshare Discounts

The promotions do not implicate workshare discounts.

C. Preferred Rates

This program does not exclude any mailers and will therefore not affect compliance with any preferred rate requirements.

IV. MCS Changes

Rule 3010.12(b)(9) requires that this Notice identify all the changes to the MCS that will be necessary to implement the planned price adjustments. Attachment A shows these changes and other minor, non-substantive revisions incorporated into a revised draft of the market-dominant section of the MCS. The classification changes for this filing update the promotions for 2016 in First-Class Mail and Standard Mail, including:

- Delete specific reference to Near Field Communication from description of Emerging and Advanced Technology/Video in Print Promotion to better reflect that the promotion continues to extend to a variety of advanced technologies.
- Revise list of products that qualify for the Emerging and Advanced Technology/Video in Print Promotion to reflect that the phrase “presort or automation” is superfluous with respect to Standard Mail letters and flats, and that there is no Standard Mail postcard product.
- Revise list of products that qualify for the Mobile Shopping Promotion to reflect that the phrase “presort or automation” is superfluous with respect to Standard Mail letters and flats.
- Add Earned Value Reply Mail Promotion to the First-Class Mail Flats product to reflect that earned credits may be applied to postage for First-Class Mail Flats.⁵

⁵ The Postal Service allowed mailers to apply Earned Value credits to First-Class Mail Flats in both 2014 and 2015, but inadvertently omitted the Earned Value Reply Mail Promotion from the First-Class Mail Flats product in the MCS. See United States Postal Service Notice of Market-Dominant Price Adjustment,

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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Attachment A, PRC Docket No. R2015-4 (Jan. 15, 2015); United States Postal Service Notice of Market-Dominant Price Adjustment, Attachment A and D, PRC Docket No. R2013-10 (Sept. 26, 2013). The Postal Service will continue to allow mailers to apply Earned Value credits to First-Class Mail Flats in 2016.

ATTACHMENT A

CHANGES TO MAIL CLASSIFICATION SCHEDULE

ATTACHMENT A

CHANGES TO MAIL CLASSIFICATION SCHEDULE

PART A MARKET DOMINANT PRODUCTS

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1100 First-Class Mail

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1110 Presorted Letters/Postcards

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1110.4 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

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- Emerging and Advanced and Emerging Technology/Video in Print Promotion (June 1, 2015 to November 30, 2015 March 1, 2016 to August 31, 2016)
- Earned Value Reply Mail Promotion (May 1, 2015 to July 31, 2015 April 1, 2016 to June 30, 2016)
- Personalized Color Transpromo Promotion (June 1, 2015 to November 30, 2015 July 1, 2016 to December 31, 2016)

1110.5 Prices

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~~Emerging and Advanced and Emerging Technology/Video in Print~~
~~Promotion (June 1, 2015 to November 30, 2015)~~March 1, 2016 to August 31, 2016)

Provide a two percent discount on the qualifying postage for First-Class Mail ~~presort or automation letters, postcards, and flats~~, and Standard Mail ~~presort or automation letters, postcards, and flats~~ that are sent during the established program period, and which include affixed or embedded technology that allows the recipient to engage in an experience facilitated ~~by via Near Field Communication, or other~~ qualifying emerging technology leading to a mobile experience. A limited number of nonqualifying pieces used for testing purposes are eligible for the discount if the mailer reports testing results to the Postal Service. To receive the discount, mailers must comply with the eligibility requirements of the program.

~~Earned Value Reply Mail Promotion (May 1, 2015 to July 31, 2015)~~April 1, 2016 to June 30, 2016)

Provide a \$0.02 or \$0.03 per piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope, and comply with all other eligibility requirements of the program. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the ~~2013~~2015 Earned Value Promotion and meet or increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in ~~2014~~2016.

~~Personalized Color Transpromo Promotion (June 1, 2015 to November 30, 2015)~~July 1, 2016 to December 31, 2016)

Provide a 2 percent discount on qualifying postage for First-Class Mail automation letters sent as part of a full-service IMb mailing during the established program period, which contain bills or statements with dynamic variable color (four-color-process) messaging. The color messaging must be on the bill or statement and be for marketing or consumer information purposes. To receive the discount, mailers must comply with the eligibility requirements of the program.

1115 Flats

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1115.4 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

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- Emerging and Advanced and Emerging Technology/Video in Print Promotion (June 1, 2015 to November 30, 2015March 1, 2016 to August 31, 2016)
- Earned Value Reply Mail Promotion (April 1, 2016 to June 30, 2016)

1115.5 Prices

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Emerging and Advanced and Emerging Technology/Video in Print Promotion (June 1, 2015 to November 30, 2015March 1, 2016 to August 31, 2016)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and Standard Mail ~~presort or automation letters, postcards, and flats~~ that are sent during the established program period, and which include affixed or embedded technology that allows the recipient to engage in an experience facilitated ~~by via Near Field Communication, or other~~ qualifying emerging technology leading to a mobile experience. A limited number of nonqualifying pieces used for testing purposes are eligible for the discount if the mailer reports testing results to the Postal Service. To receive the discount, mailers must comply with the eligibility requirements of the program.

Earned Value Reply Mail Promotion (April 1, 2016 to June 30, 2016)

Provide a \$0.02 or \$0.03 per piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope, and comply with all other eligibility requirements of the program. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2015 Earned Value Promotion and meet or increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2016.

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1200 Standard Mail (Commercial and Nonprofit)

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1205 High Density and Saturation Letters

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1205.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

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- Earned Value Reply Mail Promotion (~~May 1, 2015 to July 31, 2015~~April 1, 2016 to June 30, 2016)
- ~~Emerging and Advanced and Emerging Technology/Video in Print Promotion (June 1, 2015 to November 30, 2015)~~March 1, 2016 to August 31, 2016)
- ~~Mail Drives Mobile Engagement Mobile Shopping Promotion (July 1, 2015 to December 31, 2015)~~July 1, 2016 to December 31, 2016)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (March 1, 2016 to August 31, 2016)

1205.6 Prices

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Earned Value Reply Mail Promotion (~~May 1, 2015 to July 31, 2015~~April 1, 2016 to June 30, 2016)

Provide a \$0.02 or \$0.03 per-piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope, and comply with all other eligibility requirements of the program. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the ~~2014~~2015 Earned Value Promotion and meet or increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in ~~2015~~2016.

~~Emerging and Advanced and Emerging Technology/Video in Print~~
~~Promotion (June 1, 2015 to November 30, 2015)~~ March 1, 2016 to August 31, 2016)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and Standard Mail ~~presort or automation letters, postcards, and flats~~ that are sent during the established program period, and which include affixed or embedded technology that allows the recipient to engage in an experience facilitated ~~by via Near Field Communication, or other~~ qualifying emerging technology leading to a mobile experience. A limited number of nonqualifying pieces used for testing purposes are eligible for the discount if the mailer reports testing results to the Postal Service. To receive the discount, mailers must comply with the eligibility requirements of the program.

~~Mail Drives Mobile Engagement~~ Mobile Shopping Promotion (July 1, 2015 to December 31, 2015) July 1, 2016 to December 31, 2016)

Provide a two percent discount on the qualifying postage for Standard Mail ~~presort or automation letters, postcards, and flats~~ which include a mobile barcode inside or on the mailpiece that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

~~Tactile, Sensory, and Interactive Mailpiece Engagement Promotion~~
~~(March 1, 2016 to August 31, 2016)~~

Provide a two percent discount on the qualifying postage for Standard Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

1210 High Density and Saturation Flats/Parcels

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1210.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

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- Earned Value Reply Mail Promotion: Flats Only (~~May 1, 2015 to July 31, 2015~~April 1, 2016 to June 30, 2016)
- Emerging and Advanced and Emerging Technology/Video in Print Promotion: Flats Only (~~June 1, 2015 to November 30, 2015~~March 1, 2016 to August 31, 2016)
- Mail Drives Mobile Engagement Mobile Shopping Promotion: Flats Only (~~July 1, 2015 to December 31, 2015~~July 1, 2016 to December 31, 2016)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Flats Only (March 1, 2016 to August 31, 2016)

1210.6 Prices

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Earned Value Reply Mail Promotion: Flats Only (~~May 1, 2015 to July 31, 2015~~April 1, 2016 to June 30, 2016)

Provide a \$0.02 or \$0.03 per-piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope, and comply with all other eligibility requirements of the program. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the ~~2014~~2015 Earned Value Promotion and meet or increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in ~~2015~~2016.

~~Emerging and Advanced and Emerging Technology/Video in Print~~
Promotion: Flats Only (June 1, 2015 to November 30, 2015 March 1,
2016 to August 31, 2016)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and which include affixed or embedded technology that allows the recipient to engage in an experience facilitated by via Near Field Communication, or other qualifying emerging technology leading to a mobile experience. A limited number of nonqualifying pieces used for testing purposes are eligible for the discount if the mailer reports testing results to the Postal Service. To receive the discount, mailers must comply with the eligibility requirements of the program.

~~Mail Drives Mobile Engagement Mobile Shopping~~ Promotion: Flats Only
(July 1, 2015 to December 31, 2015 July 1, 2016 to December 31, 2016)

Provide a two percent discount on the qualifying postage for Standard Mail presort or automation letters and flats which include a mobile barcode inside or on the mailpiece that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Flats
Only (March 1, 2016 to August 31, 2016)

Provide a two percent discount on the qualifying postage for Standard Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

1215 Carrier Route

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1215.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

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- Earned Value Reply Mail Promotion: Letters and Flats Only (May 1, 2015 to July 31, 2015 April 1, 2016 to June 30, 2016)
- Emerging and Advanced and Emerging Technology/Video in Print Promotion: Letters and Flats Only (June 1, 2015 to November 30, 2015 March 1, 2016 to August 31, 2016)
- Mail Drives Mobile Engagement Mobile Shopping Promotion: Letters and Flats Only (July 1, 2015 to December 31, 2015 July 1, 2016 to December 31, 2016)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Letters and Flats Only (March 1, 2016 to August 31, 2016)

1215.6 Prices

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Earned Value Reply Mail Promotion: Letters and Flats Only (May 1, 2015 to July 31, 2015 April 1, 2016 to June 30, 2016)

Provide a \$0.02 or \$0.03 per-piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope, and comply with all other eligibility requirements of the program. ~~Rebates may be applied to future mailings of First-Class Mail and Standard Mail presort of automation letters, postcards, and flats.~~ To qualify for the \$0.03 per piece rebate, a mailer must have participated in the ~~2014~~2015 Earned Value Promotion and meet or increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in ~~2015~~2016.

~~Emerging and Advanced and Emerging Technology/Video in Print~~
~~Promotion: Letters and Flats Only (June 1, 2015 to November 30,~~
~~2015)March 1, 2016 to August 31, 2016)~~

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and which include affixed or embedded technology that allows the recipient to engage in an experience facilitated by via Near Field Communication, or other qualifying emerging technology leading to a mobile experience. A limited number of nonqualifying pieces used for testing purposes are eligible for the discount if the mailer reports testing results to the Postal Service. To receive the discount, mailers must comply with the eligibility requirements of the program.

~~Mail Drives Mobile Engagement Mobile Shopping~~
~~Promotion: Letters and Flats Only (July 1, 2015 to December 31, 2015)July 1, 2016 to December 31, 2016)~~

Provide a two percent discount on the qualifying postage for Standard Mail presort or automation letters and flats which include a mobile barcode inside or on the mailpiece that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

~~Tactile, Sensory, and Interactive Mailpiece Engagement~~
~~Promotion: Letters and Flats Only (March 1, 2016 to August 31, 2016)~~

Provide a two percent discount on the qualifying postage for Standard Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

1220 Letters

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1220.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

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- Earned Value Reply Mail Promotion (~~May 1, 2015 to July 31, 2015~~ April 1, 2016 to June 30, 2016)
- Emerging and Advanced and Emerging Technology/Video in Print Promotion (~~June 1, 2015 to November 30, 2015~~ March 1, 2016 to August 31, 2016)
- Mail Drives Mobile Engagement Mobile Shopping Promotion (~~July 1, 2015 to December 31, 2015~~ July 1, 2016 to December 31, 2016)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (March 1, 2016 to August 31, 2016)

1220.6 Prices

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Earned Value Reply Mail Promotion (~~May 1, 2015 to July 31, 2015~~ April 1, 2016 to June 30, 2016)

Provide a \$0.02 or \$0.03 per-piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope, and comply with all other eligibility requirements of the program. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the ~~2014~~2015 Earned Value Promotion and meet or increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in ~~2015~~2016.

~~Emerging and Advanced and Emerging Technology/Video in Print~~
~~Promotion (June 1, 2015 to November 30, 2015)~~ ~~March 1, 2016 to August~~
~~31, 2016)~~

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and Standard Mail ~~presort or automation letters, postcards, and flats~~ that are sent during the established program period, and which include affixed or embedded technology that allows the recipient to engage in an experience facilitated ~~by via Near Field Communication, or other~~ qualifying emerging technology leading to a mobile experience. A limited number of nonqualifying pieces used for testing purposes are eligible for the discount if the mailer reports testing results to the Postal Service. To receive the discount, mailers must comply with the eligibility requirements of the program.

~~Mail Drives Mobile Engagement~~ ~~Mobile Shopping~~ Promotion (July 1, 2015
~~to December 31, 2015)~~ ~~July 1, 2016 to December 31, 2016)~~

Provide a two percent discount on the qualifying postage for Standard Mail ~~presort or automation letters and flats~~ which include a mobile barcode inside or on the mailpiece that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(March 1, 2016 to August 31, 2016)

Provide a two percent discount on the qualifying postage for Standard Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

1225 Flats

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1225.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

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- Earned Value Reply Mail Promotion (~~May 1, 2015 to July 31, 2015~~ April 1, 2016 to June 30, 2016)
- Emerging and Advanced and Emerging Technology/Video in Print Promotion (~~June 1, 2015 to November 30, 2015~~ March 1, 2016 to August 31, 2016)
- Mail Drives Mobile Engagement Mobile Shopping Promotion (~~July 1, 2015 to December 31, 2015~~ July 1, 2016 to December 31, 2016)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (March 1, 2016 to August 31, 2016)

1225.6 Prices

* * * * *

Earned Value Reply Mail Promotion (~~May 1, 2015 to July 31, 2015~~ April 1, 2016 to June 30, 2016)

Provide a \$0.02 or \$0.03 per-piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope, and comply with all other eligibility requirements of the program. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the ~~2014~~2015 Earned Value Promotion and meet or increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in ~~2015~~2016.

~~Emerging and Advanced and Emerging Technology/Video in Print~~
~~Promotion (June 1, 2015 to November 30, 2015)~~ ~~March 1, 2016 to August~~
~~31, 2016)~~

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and which include affixed or embedded technology that allows the recipient to engage in an experience facilitated by via Near Field Communication, or other qualifying emerging technology leading to a mobile experience. A limited number of nonqualifying pieces used for testing purposes are eligible for the discount if the mailer reports testing results to the Postal Service. To receive the discount, mailers must comply with the eligibility requirements of the program.

~~Mail Drives Mobile Engagement/Mobile Shopping Promotion (July 1, 2015~~
~~to December 31, 2015)~~ ~~July 1, 2016 to December 31, 2016)~~

Provide a two percent discount on the qualifying postage for Standard Mail presort or automation letters and flats which include a mobile barcode inside or on the mailpiece that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

~~Tactile, Sensory, and Interactive Mailpiece Engagement Promotion~~
~~(March 1, 2016 to August 31, 2016)~~

Provide a two percent discount on the qualifying postage for Standard Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

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ATTACHMENT B

2016 PROMOTIONS CALENDAR

2016 Promotions Calendar

Overview:

Building upon the success of the 2014 and 2015 Promotions Calendars, the Postal Service has developed a Promotions Calendar for Calendar Year 2016. The general purpose of the 2016 Promotions is to encourage marketers, printers, and mailers to utilize new technology and tools that leverage and build upon the implicit value of a physical mailpiece. This in turn will drive response rates and the overall return on the mailer's investment in mail. By encouraging these technologies, the Postal Service expects to increase the value of direct mail and retain the volumes of transactional mail, thereby ensuring long-term product growth. The 2016 Promotions range from 3 to 6 months in duration, starting as early as March 1, 2016. In order to maximize the timeframe for mailers to plan and prepare their mailings, the Postal Service Marketing team shared a draft of the proposed 2016 Promotions Calendar to the mailing community in early October.

The Postal Service performed secondary research and held discussions with customers and marketing and mail service providers, to understand which new technologies and print advancements are being integrated into mail campaigns. After evaluating numerous options, the Postal Service decided to focus the 2016 Promotions on the following areas: Video in Print, Augmented Reality, Near Field Communication, Mobile and Social Media Shopping, Tactile and Sensory Print, and Color Print. Additionally, the Postal Service is continuing efforts to retain reply mail volumes via the Earned Value Promotion.

The five promotions developed for 2016 are:

Emerging and Advanced Technology/Video in Print Promotion
Mobile Shopping Promotion
Tactile, Sensory & Interactive Mailpiece Engagement Promotion
2016 Earned Value Reply Mail Promotion
2016 Personalized Color Transpromo Promotion

Emerging and Advanced Technology/Video in Print Promotion

As mobile and other print technologies evolve, mail has the potential to offer greater value by engaging customers in new and exciting ways. In order to ensure that direct mail continues to be a relevant part of the marketing mix, the Postal Service is offering a promotion encouraging customers to incorporate technologies such as Near Field Communication (NFC), Enhanced Augmented Reality, Video in Print (ViP), and other developing technologies.

Eligible Mail: First-Class Mail presort and automation letters, cards, and flats, Standard Mail letters and flats, and Nonprofit Standard Mail letters and flats

Discount: 2 percent off eligible mailpieces

Registration Period: January 15, 2016 – August 31, 2016

Promotion Period: March 1, 2016 – August 31, 2016

Mailpiece Requirements: To be eligible for the promotion, the mailpiece must incorporate one of the following three elements:

1. Interactive NFC technology (examples include the ability to create calendar events; toggle on and off device features; or trigger messaging services, video, or other device features)
2. Enhanced Augmented Reality, which must include two or more of the following elements:

- 2D/3D elements or modules;
 - Animation;
 - Interplay between the physical mailpiece and the digital world that actively uses the viewer's perspective
3. ViP technology, which encompasses a range of technological and print solutions that leverage a physical printed mailpiece and incorporate video through at least one of the following means of implementation:
- A physical mailpiece that incorporates a small, integrated LED, AMOLED, or LCD screen that can be triggered to autoplay associated video content
 - A physical mailpiece printed on semi-translucent paper stock, that when placed over a tablet or mobile device, plays video content visible through the paper that appears to bring the mailpiece "to life." These pieces may leverage tools such as Cineprint or similar technology to create or "play" the ViP experience.
 - A physical mailpiece that links the reader to an online interactive video experience where the user can interact with the video, and make selections throughout the experience to tailor the options and video content they receive and view. This category may also incorporate marketing automation and Customer Relationship Management software to automate the creation and preparation of additional mailpieces, product catalogs or other printed, mailable materials based upon user selection and inputs.

Simply linking to video content is not adequate to meet the criteria for ViP. The physical mailpieces must leverage Quick Response (QR) codes, Augmented Reality, or NFC as the trigger to link to the interactive video experience or Customer Relationship Management video system.

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| Enrollment | Participants and/or Mail Service Providers (MSPs) must register on the Business Customer Gateway (BCG) via the Incentive Program Service (gateway.usps.com) <i>at least 2 hours prior to presenting the first qualifying mailing</i> . Electronic documentation (eDoc) enrollment using Mail.dat or Mail.XML enables MSPs who have registered for the promotion to enroll their clients in real-time when eDocs claiming the promotion are submitted. |
| Mailing Dates and Mail Preparation | Mail must be accepted during the promotion period March 1, 2016 – August 31, 2016. Plant-Verified Drop Shipment (PVDS) mailings that are verified and paid for during the promotion period and that qualify for the promotion, when presented with appropriate verification and payment documentation (PS Form 8125), can participate if accepted at destination entry postal facilities through September 15, 2016. |
| Postage Payment | Postage must be paid using a Permit Imprint or Precanceled Stamp Permit. Select meter permit mailings may qualify. Every Door Direct Mail (EDDM) deposited at a Business Mail Entry Unit (BMEU) may qualify, but EDDM Retail mailings taken to local Post Office retail units are ineligible to participate. |
| eDoc | Mailings must be submitted electronically via Postal Wizard, Mail.dat or Mail.XML. The eDoc must identify the mail owner and mail preparer in the By/For fields by Customer Registration Identification (CRID) |
| Commingled Mail | Commingled, combined, and co-mailed First-Class Mail and Standard Mail may qualify for the promotion only if all of the pieces commingled in the mailing meet program requirements, or the mailings include multiple clients (or versions) but have separate postage statements generated for the mailpieces that meet promotion requirements. |

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| Pre-Verification & Mailpiece Samples | Mailers participating with Video in Print must submit a sample to the program office for pre-verification prior to mailing to ensure that program requirements are met. In addition, the mailer must provide a hard copy, unaddressed sample of the mailpiece that demonstrates the advertising content to the acceptance clerk. If a mailing agent submits mailings from multiple mailers, it must present a hard copy sample of each mailer's mailpiece. |
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Option to use A/B Testing:

This year's 2016 Emerging and Advanced Technology/Video in Print Promotion allows participants to opt-in to use standard "A/B Testing" protocols, a new value-added testing option. A/B Testing allows mailers to test different versions of their direct mail campaign(s) to see how small changes may impact their bottom line. Participants choose the aspect of the direct mail campaign they want to test, such as a specific design or technology treatment within their campaign. Participants will then analyze the resulting data, and then share the high-level results back with the Postal Service.

Design A requires that at least 90 percent of the mail volume within a specific mailing meet all the published 2016 Emerging and Advanced Technology/Video in Print promotion requirements. Design B allows up to 10 percent of the mailing to be entered with an alternate creative design that does not need to meet the incentive requirements.

Mailers electing to participate in the A/B Test Option will receive the promotional 2 percent discount on the 90 percent mail volume (Design A) at the time of mailing. After participants analyze the A and B Test results they are required to submit the test data to the Postal Service Program Office. The A/B Testing opportunity requires two separate mailing statements, one for Design A and one for Design B. Both mailing statements must be provided to the Postal Service Program Office. After the program Office verifies the results, the participant will receive a credit for the value of the promotional 2 percent discount on the balance of the mailing (Design B / up to the remaining 10 percent).

The Postal Service will summarize the technology treatments data and then share the results with the industry to help inform marketers and mailers about the relative values of these tools.

Mobile Shopping Promotion

This promotion is aimed at businesses and mailers offering products for sale, especially during the 2016 holiday shopping season. As mobile technology continues to change the landscape of consumer interaction, mail has the potential to serve as an invaluable conduit between the mobile platform and shopping experience. The 2016 Mobile Shopping Promotion encourages mailers to integrate mobile technology with direct mail to create a convenient method for consumers to do their online shopping. Using technology platforms such as QR Codes, Snap Tags, Watermarks, and other advanced technologies to launch consumers into online shopping experiences is a great combination of the power of print solutions and web based shopping portals. The 2016 Mobile Shopping Promotion will also encourage the implementation of evolving QR code barcode technology, including animated QR codes, Visual QR codes, Dotless QRs, Voice QRs, and aspects of the new visual design capabilities and data-based analytics now supporting QR technology.

In addition to these enhancements, the 2016 Mobile Shopping Promotion will incorporate a new Social Media component. Most of the major social media platforms have introduced new "Buy Now" features that enable the user to make an immediate purchase of a featured item directly within the social media platform. Pinterest, Instagram, Facebook, Twitter, YouTube, Tumblr, and even Google have all

implemented “Buy Now” capabilities within the last six months. As advertisers devote additional resources and advertising budget to Social Media, direct mail provides an excellent launching point to connect recipients with content they follow, as well as an immediate purchase path through their mobile device.

Eligible Mail: Standard Mail letters and flats, and Nonprofit Standard Mail letters and flats

Discount: 2 percent off eligible mailpieces

Registration Period: May 15, 2016 – December 31, 2016

Promotion Period: July 1, 2016 – December 31, 2016

Mailpiece Requirements: All qualifying mail must contain a barcode that allows the user to engage in an electronic shopping experience. Qualifying technologies include open-sourced barcodes (such as a QR Code or Datamatrix code), a proprietary barcode or tag (such as SnapTags or MS Tags), an image embedded with a digital watermark, Near Field Communication, and intelligent print image recognition (including an augmented reality experience). It may also include newer barcode features such as animated, visual, dotless, or voice QR codes with analytics features.

The print/mobile technology must lead to either a mobile optimized shopping site or a social media web page (such as Pinterest, Instagram, Facebook, Twitter, YouTube or Tumblr) with a click to shop feature. The recipient must be able to make a purchase from the webpage or website.

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| Enrollment | Participants and/or MSPs must register on the BCG via the Incentive Program Service (gateway.usps.com) <i>at least 2 hours prior to presenting the first qualifying mailing</i> . eDoc enrollment using Mail.dat or Mail.XML enables MSPs who have registered for the promotion to enroll their clients in real-time when eDocs claiming the promotion are submitted. |
| Mailing Date and Mail Preparation | Mail must be accepted during the promotion period, July 1, 2016 – December 31, 2016. PVDS mailings that are verified and paid for during the promotion period and that qualify for the promotion will be accepted at destination entry postal facilities through January 15, 2017, when presented with appropriate verification and payment documentation (PS Form 8125). |
| Postage Payment | Postage must be paid using a Permit Imprint or Precanceled Stamp Permit. Select meter permit mailings may qualify. EDDM deposited at a BMEU may qualify, but EDDM Retail mailings taken to local Post Office retail units are ineligible to participate. |
| eDoc | Mailings must be submitted electronically via Postal Wizard, Mail.dat or Mail.XML. The eDoc must identify the mail owner and mail preparer in the By/For fields by CRID. |
| Commingled Mail | Commingled, combined and co-mailed Standard Mail may qualify for the promotion only if all of the pieces commingled in the mailing meet program requirements or the mailings include multiple clients (or versions) but have separate postage statements generated for the mailpieces that meet the promotion requirements. |
| Pre-Verification & Mailpiece Samples | Mailers participating with the Social Media shopping feature must submit a sample to the program office for pre-verification prior to mailing to ensure that program requirements are met. In addition the mailer must provide a hard copy, unaddressed sample of the mailpiece that demonstrates the advertising content to the acceptance clerk. If a mailing agent submits mailings from |

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| | multiple mailers, it must present a hard copy sample of each mailer's mailpiece. |
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Tactile, Sensory & Interactive Mailpiece Engagement Promotion

In 2015, the Postal Service introduced a new category within the Emerging and Advanced Technology Promotion in order to leverage some of the latest technological advances within the print industry that highlight sensory engagement. Based on the positive responses received, and in recognition of the fact that these technologies are quite distinct from more digitally-focused technology, a separate promotion has been created for the 2016 Promotions Calendar.

In recent years, the print industry has developed innovations in papers/stocks, substrates, finishing techniques and inks. New print elements can be incorporated in a mail campaign to engage a multi-sensory experience through special visual effects, sound, scent, texture/tactile treatments, and even taste. In addition, interactive mailpiece features (such as pop-ups, infinite folds, or other dimensional treatments) can help drive customer engagement. Neuroscience and neuromarketing research suggests that marketing materials that engage tactile experiences and/or other senses lead to potentially significant impacts on brand recognition and message recall. By leveraging advances in print and finishing technology, marketers and mailers can enhance the way consumers interact and engage with mail to drive customer engagement and response rates.

Eligible Mail: Standard Mail letters and flats, and Nonprofit Standard Mail letters and flats

Discount: 2 percent off eligible mailpieces

Registration Period: January 15, 2016 – August 31, 2016

Promotion Period: March 1, 2016 – August 31, 2016

Mailpiece Requirements: The mailpiece must contain at least one element from one of the three following categories:

1. Specialty Inks (including but are not limited to: Conductive inks, Leuco Dyes/Thermochromic, Photochromics, Optically Variable Ink, Metallic Ink, piezochromatic ink, and hydro chromic ink)
2. Specialty Papers that make use of at least one of the following features (use of these features must be connected to the marketing message of the mailpiece):
 - Scent: Paper infused with scent, or microencapsulated
 - Sound: Paper that incorporates sound chip/speakers
 - Taste: Paper that incorporates edible components
 - Visual: Paper that incorporates special effects (e.g., filters, holographic effects, lenticular effects)
 - Textural: Paper that incorporates textural treatments such as sandpaper, soft/velvet touch, and UV finishes (does not include Scratch-off features, borders, reveals, die-cuts and detachables, or zip-strip opening mechanisms for envelopes)
3. Interactive mailpieces that make use of dynamic folds that the user can twist, spin, dial or bend, and other dimensional enhancements (such as 3-dimensional features and pop-ups).

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| Enrollment | Participants and/or MSPs must register on the BCG via the Incentive Program Service (gateway.usps.com) <i>at least 2 hours prior to presenting the first qualifying mailing</i> . eDoc enrollment using Mail.dat or Mail.XML enables MSPs who have registered for the promotion to enroll their clients in real-time when eDocs claiming the promotion are submitted. |
| Mailing Date and Mail Preparation | Mail must be accepted during the promotion period, March 1, 2016 – August 31, 2016. PVDS mailings that are verified and paid for during the promotion period |

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| | and that qualify for the promotion will be accepted at destination entry postal facilities through September 15, 2016, when presented with appropriate verification and payment documentation (PS Form 8125). |
| Postage Payment | Postage must be paid using a Permit Imprint or Precanceled Stamp Permit. Select meter permit mailings may qualify. Every Door Direct Mail (EDDM) deposited at a BMEU may qualify, but EDDM Retail mailings taken to local Post Office retail units are ineligible to participate. |
| eDoc | Mailings must be submitted electronically via Postal Wizard, Mail.dat or Mail.XML. The eDoc must identify the mail owner and mail preparer in the By/For fields by Customer Registration ID (CRID). |
| Commingled Mail | Commingled, combined and co-mailed Standard Mail may only qualify for the promotion if all of the pieces commingled in the mailing meet program requirements, or the mailings include multiple clients (or versions) but have separate postage statements generated for the mailpieces that meet promotion requirements. |
| Pre-Verification & Mailpiece Samples | Mailers must submit a sample to the program office for pre-verification prior to mailing to ensure that program requirements are met. In addition, the mailer must provide a hard copy, unaddressed sample of the mailpiece that demonstrates the advertising content to the acceptance clerk. If a mailing agent submits mailings from multiple mailers, it must present a hard copy sample of each mailer's mailpiece. |

Earned Value Reply Mail Promotion

The 2016 Earned Value Promotion will build on the success of prior years, and is intended to help slow the decline of First-Class Mail, including Business Reply Mail (BRM) and Courtesy Reply Mail (CRM) pieces. As technology continues to reduce mail volumes, the Postal Service aims to ensure reply mail remains a relevant part of the First-Class Mail marketing mix by encouraging mailers to continue providing BRM and CRM enclosures in their outbound mailings. Mailers who register their Mailer Identification (MID) information and use eligible Intelligent Mail® barcodes (IMb) on their reply pieces may receive a postage credit for each mailpiece that is returned to the mailer during the promotion period, April 1, 2016 through June 30, 2016 (for details, see "Credit Amount" below). At the end of the promotion, the reply pieces will be totaled and the earned postage credit applied to the customer permit accounts. The mailer can apply the credit towards future mailings of First-Class Mail presort and automation cards, letters, and flats and Standard Mail letters and flats. The Earned Value credit will expire on December 31, 2016.

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| Registration Period | February 15, 2016 – March 31, 2016 |
| Promotion Period | April 1, 2016 – June 30, 2016 |
| Eligible Participants | Mail Owners and MSPs |
| Eligible Mail | Business Reply Mail and Courtesy Reply Mail |
| Credit Amount | \$0.02 per BRM or CRM pieces counted \$0.03 per BRM and CRM pieces counted if the total number of CRM and BRM pieces for each MID meets or exceeds the total number of a mailer's CRM and BRM pieces counted by MID as part of the 2015 Earned Value promotion |
| Credit Expiration | December 31, 2016 |
| Acceptance Period for | Credits will be released when the mailer agrees to their volumes, after the |

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| Credits: | promotion ends. Agreement on volumes must be reached by September 15; otherwise the credits will be forfeited. |
| Credit Calculation/Application | At the end of the promotion, the applicable credit amount will be multiplied by the total BRM and CRM pieces counted, for each enrolled MID. Once the mailer accepts their credits in the BCG, they will be applied to the Permit accounts. |
| Tracking | The Intelligent Mail Visibility (IM-VIS) system will send scan data to the Alternate Postage system. All mailpiece counts for BRM and CRM pieces containing the registered MID(s) that customers return to the registered mailer will be collected. |
| Enrollment | Mailers must register their permits and MIDs and the Permit Imprint account to which future earned credits will be applied on the BCG to participate. |
| BRM/CRM Requirements | BRM/CRM mailpieces can be distributed in any outgoing mailing. The BRM and CRM mailpieces must contain the IMb with the MID encoded to qualify. Postcard and letter-size BRM must be barcoded with a valid and properly used ZIP+4 code on the mailpiece, and the same ZIP+4 code must be encoded within the IMb. The IMb on all BRM and CRM must contain the barcode ID, service type ID, and correct ZIP+4 routing code. Permit holders must use the ZIP+4 codes and the IMb assigned by the Postal Service. BRM and CRM pieces that customers return to the mailer must have a valid IMb with a registered MID. |

Personalized Color Transpromo Promotion

In 2014, the Postal Service introduced this promotion to encourage mailers of bills and statements to use color messaging in order to create a greater connection to and response from consumers. The Postal Service intends to continue this approach in order to increase the value of First-Class Mail, and encourage mailers to invest in color print technology. This promotion will provide an upfront postage discount to mailers who use dynamic/variable color print for personalized transpromotional marketing messages on their bills and statements. This approach focuses on growing the value of First-Class Mail and encourages mailers to invest in color print technology.

Eligible Mail: First-Class Mail presort and automation letters (excludes all FCM single-piece-priced mail)

Discount: 2 percent off eligible mailpieces

Registration Period: May 15, 2016 – December 31, 2016

Promotion Period: July 1, 2016 – December 31, 2016

Mailpiece Content Restriction: Bills and statements only

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| Enrollment | Participants and/or MSPs must register on the BCG via the Incentive Program Service (gateway.usps.com) <i>at least 2 hours prior to presenting the first qualifying mailing</i> . eDoc enrollment using Mail.dat or Mail.XML enables MSPs who have registered for the promotion to enroll their clients in real-time when eDocs claiming the promotion are submitted. |
| Mail Preparation | Letters must be prepared according to First-Class Mail standards |
| Mailing Date | Mail must be accepted during the promotion period, July 1, 2016 - December 31, 2016. |
| Postage Payment | Permit Imprint, Precanceled Stamp Permit and some Meter Mailings |
| eDoc | Mailings must be submitted electronically via Postal Wizard, Mail.dat or |

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| | Mail.XML. The eDoc must identify the mail owner and mail preparer in the By/For fields by CRID. |
| Commingled Mail | Commingled, combined and co-mailed First-Class Mail may qualify for the promotion only if all of the pieces commingled in the mailing meet program requirements, or the mailings include multiple clients (or versions) but have separate postage statements generated for the mailpieces that meet promotion requirements. |
| Verification & Mailpiece Samples | <p>The mailer must provide a hard copy, unaddressed full sample of the mailpiece showing the placement of the personalized full color transpromotional message that was dynamically printed to the BMEU/acceptance clerk. If a mailing agent submits promotional mailings from multiple mailers, a hard copy sample of each mailer's mailpiece must be presented. Addressed samples will not be accepted, If pieces are variably printed, one sample that is comparable to the mailing may be presented.</p> <p>In limited circumstances, mailers using the same messaging with limited variations throughout the promotion period may contact the Program Office for an alternate process for mailpiece sampling. These mailers must be able to send the Program Office samples of the pre-print/input sheet as well as samples of the dynamic print versions. Samples must be submitted at least three weeks in advance of the initial mailing. In addition, a list of all BMEUs that will be used for mail entry throughout the promotion must be provided to the Program Office.</p> |

ATTACHMENT C

PRICE CAP CALCULATION

Please see *(AttachmentC).xls*, filed concurrently with this Notice.

ATTACHMENT C: PRICE CAP CALCULATION

Calculation of amount of applicable change in CPI-U and Price Cap

| | CPI ^[1] | Last 12 Months Point-to-Point ^[2] | 12-Month Total ^[3] | 12-Month Total Divided by 12 ^[4] | Base Average ^[5] | 12-Month Moving Average ^[6] | Rule 3010.22.b Adjustment ^[7] |
|--------|--------------------|---|----------------------------------|---|--------------------------------|---|---|
| Jan-13 | 230.280 | 1.6% | 2758.7 | 229.895 | 225.476 | 1.960% | |
| Feb-13 | 232.166 | 2.0% | 2763.2 | 230.270 | 226.006 | 1.887% | |
| Mar-13 | 232.773 | 1.5% | 2766.6 | 230.552 | 226.499 | 1.789% | |
| Apr-13 | 232.531 | 1.1% | 2769.1 | 230.756 | 226.931 | 1.686% | |
| May-13 | 232.945 | 1.4% | 2772.2 | 231.017 | 227.252 | 1.657% | |
| Jun-13 | 233.504 | 1.8% | 2776.2 | 231.352 | 227.565 | 1.664% | |
| Jul-13 | 233.596 | 2.0% | 2780.7 | 231.727 | 227.830 | 1.710% | |
| Aug-13 | 233.877 | 1.5% | 2784.2 | 232.018 | 228.149 | 1.696% | |
| Sep-13 | 234.149 | 1.2% | 2787.0 | 232.247 | 228.526 | 1.628% | |
| Oct-13 | 233.546 | 1.0% | 2789.2 | 232.432 | 228.934 | 1.528% | |
| Nov-13 | 233.069 | 1.2% | 2792.0 | 232.670 | 229.267 | 1.484% | |
| Dec-13 | 233.049 | 1.5% | 2795.5 | 232.957 | 229.594 | 1.465% | |
| Jan-14 | 233.916 | 1.6% | 2799.1 | 233.260 | 229.895 | 1.464% | |
| Feb-14 | 234.781 | 1.1% | 2801.7 | 233.478 | 230.270 | 1.393% | |
| Mar-14 | 236.293 | 1.5% | 2805.3 | 233.771 | 230.552 | 1.396% | |
| Apr-14 | 237.072 | 2.0% | 2809.8 | 234.150 | 230.756 | 1.471% | |
| May-14 | 237.900 | 2.1% | 2814.8 | 234.563 | 231.017 | 1.535% | |
| Jun-14 | 238.343 | 2.1% | 2819.6 | 234.966 | 231.352 | 1.562% | |
| Jul-14 | 238.250 | 2.0% | 2824.2 | 235.354 | 231.727 | 1.565% | |
| Aug-14 | 237.852 | 1.7% | 2828.2 | 235.685 | 232.018 | 1.580% | |
| Sep-14 | 238.031 | 1.7% | 2832.1 | 236.009 | 232.247 | 1.620% | |
| Oct-14 | 237.433 | 1.7% | 2836.0 | 236.332 | 232.432 | 1.678% | |
| Nov-14 | 236.151 | 1.3% | 2839.1 | 236.589 | 232.670 | 1.685% | |
| Dec-14 | 234.812 | 0.8% | 2840.8 | 236.736 | 232.957 | 1.622% | 0.062% |
| Jan-15 | 233.707 | -0.1% | 2840.6 | 236.719 | 233.260 | 1.483% | 0.055% |
| Feb-15 | 234.722 | 0.0% | 2840.6 | 236.714 | 233.478 | 1.386% | 0.053% |
| Mar-15 | 236.119 | -0.1% | 2840.4 | 236.699 | 233.771 | 1.253% | 0.047% |
| Apr-15 | 236.599 | -0.2% | 2839.9 | 236.660 | 234.150 | 1.072% | 0.030% |
| May-15 | 237.805 | 0.0% | 2839.8 | 236.652 | 234.563 | 0.891% | 0.027% |
| Jun-15 | 238.638 | 0.1% | 2840.1 | 236.677 | 234.966 | 0.728% | 0.037% |
| Jul-15 | 238.654 | 0.2% | 2840.5 | 236.710 | 235.354 | 0.576% | 0.051% |
| Aug-15 | 238.316 | 0.2% | 2841.0 | 236.749 | 235.685 | 0.451% | 0.067% |
| Sep-15 | 237.945 | 0.0% | 2840.9 | 236.742 | 236.009 | 0.311% | 0.064% |

[1] Consumer Price Index -- All Urban Consumers, U.S. All Items (the "CUUR0000SA0" series)

[2] Difference between the current month CPI [column C] and CPI for the same month, previous year, divided by CPI for same month, previous year

[3] Sum of the most recent 12 months' CPI measurements in column C

[4] Recent Average: column E divided by 12

[5] Base Average: The average CPI-U index for the 12 months immediately prior to the Recent Average. Only necessary to the cap calculation when 12 or more months have passed since the last notice of rate adjustment.

[6] 12-Month Moving Average: Recent Average divided by Base Average. Subtract one from quotient.

[7] Partial Year Limitation: Rule 3010.22 requires an adjustment to the 12-Month Moving Average whenever fewer than 12 months have passed since the most recent notice of rate adjustment. The adjustment calculates the unused rate authority by dividing the Recent Average in the current month (column F, cell F66) by the Recent Average utilized in the previous rate adjustment (column F, cell F56), and subtracting one from the quotient.

This results in a Partial Year Limitation of 0.064 percent.